

Message Text

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ACTION OPIC-06

INFO OCT-01 NEA-09 ISO-00 EB-07 COME-00 TRSE-00 L-02 FEA-01

H-02 CIAE-00 INR-07 NSAE-00 /035 W

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R 030955Z APR 75

FM AMEMBASSY RABAT

TO SECSTATE WASHDC 5035

C O N F I D E N T I A L RABAT 1622

E.O. 11652: GDS

TAGS: EINV MO

SUBJ: DELAYS IN CURRENCY CONVERSION: OPIC INSURANCE

REF: STATE 067044

1. AS REPORTED RABAT A-10, DIVIDENDS OF FOREIGN INVESTMENTS APPROVED UNDER INVESTMENT CODE CAN--ACCORDING TO LAW--BE AUTOMATICALLY TRANSFERRED WITHOUT LIMITATION IN CURRENCY IN WHICH ORIGINAL CAPITAL INVESTED. TRANSFERS OF DIVIDENDS BY FIRMS WHO INVESTED IN MOROCCO PRIOR TO CODE (I.E. BEFORE 1960) MUST BE INDIVIDUALLY NEGOTIATED. ROYALTIES AND LEASE PAYMENTS, ONCE APPROVED BY EXCHANGE AUTHORITIES, ARE TREATED AS DIVIDENDS AND DO NOT REQUIRE RENEWAL OF APPROVAL. REPATRIATION OF CAPITAL IS CUSTOMARILY INCLUDED IN THE ORIGINAL EXCHANGE CONTROL AGREEMENT. THIS GENERALLY INCLUDES A STAGING FORMULA FOR REPATRIATION.

2. PROBLEMS OF WHICH EMBASSY AND CONGEN CASABLANCA AWARE HAVE RISEN WITH PRE-CODE INVESTMENT. IN SOME CASES, EVEN WHERE VALID TRANSFER AUTHORIZATION HAS BEEN APPROVED, DELAYS IN TRANSFER HAVE OCCURRED. MOST OF THESE PROBLEMS HAVE BEEN RESOLVED WITHIN PERIOD OF WEEKS BY EMBASSY INTERVENTION. BUT IN CASE OF OIL COMPANIES (DURING MOROCCANIZATION PROCEEDINGS) ADMINISTRATIVE HOLD UP OF TRANSFERS WAS EXTENDED FOR UP TO SEVERAL MONTHS (BLOCKAGE CONTINUES AGAINST ESSO WHICH HAS STILL FAILED TO NEGOTIATE ACCEPTABLE SETTLEMENT). THIS WAS PALPABLY ILLEGAL BUT EFFECTIVE METHOD FOR EXERTING
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PRESSURE TO OBTAIN SETTLEMENTS MORE FAVORABLE TO GOVERNMENT-

OWNED SOCIETE NATIONALE DES PRODUITS PETROLIERES WHICH
WAS DESIGNATED MOROCCAN PARTNER IN OIL NEGOTIATIONS.

3. SUMMING UP: SITUATION ON PAPER HIGHLY FAVORABLE. AS
MATTER OF GENERAL COURSE, SOME DELAYS HAVE OCCURRED, BUT FEW
OF GREAT LENGTH OR CONSEQUENCE. BUT SPECIFIC INSTANCES
(OIL COMPANIES, AND ESPECIALLY ESSO CASE) EVIDENCE DISTURBING
WILLINGNESS BY GOM TO IGNORE ITS OWN PREVIOUSLY APPROVED
AUTHORIZATION WHERE OVERRIDING ADMINISTRATIVE OR POLITICAL
CONSIDERATIONS EXIST. MOROCCO HAS NO FISCAL COURT TO
WHICH SUCH DISPUTES CAN BE REFERRED AND CIVIL COURTS
REFUSE TO ACCEPT JURISDICTION. THERE IS THUS NO RECOURSE
OUTSIDE OF ADMINISTRATIVE STRUCTURE.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: INSURANCE, FOREIGN EXCHANGE RATES, CURRENCY CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 03 APR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RABAT01622
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750115-1117
From: RABAT
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750485/aaaaczpw.tel
Line Count: 75
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION OPIC
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 75 STATE 067044
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 15 AUG 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15 AUG 2003 by CunninFX>; APPROVED <03 DEC 2003 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: DELAYS IN CURRENCY CONVERSION: OPIC INSURANCE
TAGS: EINV, MO, US
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006